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Report Highlights:

*ATO MEXICO CITY AND AG EXPORT SERVICES ORGANIZE TRADE MISSION FOR ALIMENTARIA 2004

*GOM WILL INVEST IN BIOTECHNOLOGY

*U.S. REQUESTS THAT THE WTO CREATE A WORKING GROUP TO REVIEW THE MEXICAN HFCS SPECIAL TAX

*MEXICAN SUGAR PRODUCTION AND IMPORTS TO INCREASE

*ACTIVIST GROUP REVEALS CASES OF POLLUTED FOOD FOR TRANSGENIC GRAINS

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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ATO MEXICO CITY AND AG EXPORT SERVICES ORGANIZE TRADE MISSION FOR ALIMENTARIA 2004

For the first time, ATO Mexico City coordinated a trade mission in conjunction with the ALIMENTARIA Trade Show, Mexico City's only food-only trade show, which was held June 9–11, 2004. The mission included a US Pavilion, one-on-one meetings, and a reception for the participants and their customers. Four individual companies and the American Soybean Association participated in the mission and show. The participating companies reported \$500,000 in 12-month projected sales and 34 serious contacts based on their participation in this mission. (Source: *ATO Mexico City*, 7/6/04)

GOM WILL INVEST IN BIOTECHNOLOGY

According to the Coordinator of International Issues of the Agriculture Ministry, Victor Villalobos, the Government of Mexico will invest in biotechnology research. Specifically in certain corn genes, which are related to drought resistance and acid soils, as well as the chile genome. Both cultivations originate in Mexico. He stated that an announcement was made in June for the establishment of the National Center of Genomic Plants and Microorganisms in Irapuato, Guanajuato. This center will have a budget of 580 million pesos (roughly US\$52 million) for the next two years. The Secretariats of Agriculture (SAGARAPA), Public Education (SE), the National Council of Science and Technology (Conacyt) and Guanajuato's government are providing the budget. Also, Villalobos indicated that despite the fact that the international trend in biotechnology is towards privatization (i.e., to patent genetically modified cultivations), Mexico's intention with this research is to generate technologies (i.e., seeds) that could be used freely by Mexican farmers and other countries, without paying royalties. (Source: *El Financiero*, 7/05/04)

U.S. REQUESTS THAT THE WTO CREATE A WORKING GROUP TO REVIEW THE MEXICAN HFCS SPECIAL TAX

The United States requested, for the second time, that the WTO create a special panel to address the WTO-consistency of Mexico's establishment of a 20-percent tax on beverages using HFCS. The United States maintains that Mexico established a discriminatory tax against sweeteners produced by U.S. companies. The U.S. government stated that the dialogue between both countries' private sectors has taken place for a year without any results. The WTO's Dispute Resolution Office will allow 45 days for both countries to present their arguments. (Source: *Financiero*, 7/7/04)

MEXICAN SUGAR PRODUCTION AND IMPORTS TO INCREASE

Mexico is facing the challenge of increasing its sugar production, which has a tendency to increase about 100,000 MT per year. The President of the Sugar Cane Producers, Carlos Blackaller, indicated that they should not follow USDA considerations of reducing domestic sugar production, but rather should increase area planted and production capacity. Mr. Blackaller estimates that final sugar production will be close to 5.020 million MT (standard value) for MY 2003/04, which should be enough to cover consumption demand. However, he also indicated that for the MY 2003/04 sugar supply/demand balance, 200,000 MT of sugar would probably be imported under irregular means (i.e., contraband or through court injunctions) as well as an additional 70,000 MT under an authorized government quota. Mr. Blackaller said that with this data it is difficult to sort out what is the real sugar consumption in Mexico. (Source: *Financiero*, 7/7/04)

ACTIVIST GROUP REVEALS CASES OF POLLUTED FOOD FOR TRANSGENIC GRAINS

According to the group "Net for an America Free of Transgenics," in the past eight years, six cases of contamination of traditional cultivations or food with genetically modified organisms have been reported. This has even occurred with unauthorized grain varieties, such as the case of Star Link, a forbidden product for human consumption, as well as grains with bacterium like the Bt corn that affected Oaxaca crops. The group stated that in 2000, 350,000 hectares of Star Link were sowed, which is a variety of transgenic corn that has the toxin Cry9C. This toxin was found in great quantity in food in the United States. Also, in 2001, this toxin was located in the seed supply; therefore the U.S. Department of Agriculture invested approximately US\$13 million to buy polluted grains. (Source: *La Jornada*, 7/13/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4083	Weekly Highlights & Hot Bites, Issue #26	7/8/04
MX4084	Review of the Compensatory Duties on U.S. Imported Red and Golden Delicious Apples	7/8/04
MX4085	BSE Update (Eighth Edition)	7/8/04
MX4086	Mexican Regulation on Imported Christmas Trees is Amended	7/8/04
MX4087	Status on Avian Influenza – Update #4	7/9/04

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